

IC 6-3.1-20**Chapter 20. Income Tax Credit for Property Taxes Paid on Homesteads****IC 6-3.1-20-1****"Earned income" defined**

Sec. 1. As used in this chapter, "earned income" means the sum of the:

- (1) wages, salaries, tips, and other employee compensation; and
 - (2) net earnings from self-employment (as computed under Section 32(c)(2) of the Internal Revenue Code);
- of an individual taxpayer, and the individual's spouse, if the individual files a joint adjusted gross income tax return.

As added by P.L.151-2001, SEC.5.

IC 6-3.1-20-2**"Homestead" defined**

Sec. 2. As used in this chapter, "homestead" has the meaning set forth in IC 6-1.1-20.9-1.

As added by P.L.151-2001, SEC.5.

IC 6-3.1-20-3**"State income tax liability" defined**

Sec. 3. As used in this chapter, "state income tax liability" means an individual's adjusted gross income tax liability under IC 6-3.

As added by P.L.151-2001, SEC.5.

IC 6-3.1-20-4**Entitlement to credit**

Sec. 4. (a) Except as provided in subsection (b), an individual is entitled to a credit under this chapter if the:

- (1) individual's earned income for the taxable year is less than eighteen thousand six hundred (\$18,600); and
- (2) the individual pays property taxes in the taxable year on a homestead that:

(A) the individual:

- (i) owns; or
- (ii) is buying under a contract that requires the individual to pay property taxes on the homestead, if the contract or a memorandum of the contract is recorded in the county recorder's office; and

(B) is located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) An individual is not entitled to a credit under this chapter for a taxable year for property taxes paid on the individual's homestead if the individual claims the deduction under IC 6-3-1-3.5(a)(17) for the homestead for that same taxable year.

As added by P.L.151-2001, SEC.5.

IC 6-3.1-20-5

Amount of credit

Sec. 5. (a) Each year, an individual described in section 4 of this chapter is entitled to a refundable credit against the individual's state income tax liability in the amount determined under this section.

(b) In the case of an individual with earned income of less than eighteen thousand dollars (\$18,000) for the taxable year, the amount of the credit is equal to the lesser of:

- (1) three hundred dollars (\$300); or
- (2) the amount of property taxes described in section 4(a)(2) of this chapter paid by the individual in the taxable year.

(c) In the case of an individual with earned income that is at least eighteen thousand dollars (\$18,000) but less than eighteen thousand six hundred dollars (\$18,600) for the taxable year, the amount of the credit is equal to the lesser of the following:

- (1) An amount determined under the following STEPS:

STEP ONE: Determine the result of:

- (i) eighteen thousand six hundred dollars (\$18,600); minus
- (ii) the individual's earned income for the taxable year.

STEP TWO: Determine the result of:

- (i) the STEP ONE amount; multiplied by
- (ii) five-tenths (0.5).

- (2) The amount of property taxes described in section 4(a)(2) of this chapter paid by the individual in the taxable year.

(d) If the amount of the credit under this chapter exceeds the individual's state tax liability for the taxable year, the excess shall be refunded to the taxpayer.

As added by P.L.151-2001, SEC.5. Amended by P.L.1-2002, SEC.31.

IC 6-3.1-20-6

Filing with department required

Sec. 6. To obtain the credit provided by this chapter, an individual must file with the department information concerning the property taxes paid on the individual's homestead and any other information required by the department.

As added by P.L.151-2001, SEC.5.

IC 6-3.1-20-7

Amount of credits determined by department and deposited in state general fund

Sec. 7. (a) The department shall before July 1 of each year determine the amount of credits allowed under this chapter for taxable years ending before January 1 of the year.

(b) One-half (1/2) of the amount determined by the department under subsection (a) shall be:

- (1) deducted during the year from the riverboat admissions tax revenue otherwise payable to the county under IC 4-33-12-6(d)(2); and
- (2) paid instead to the state general fund.

(c) One-sixth (1/6) of the amount determined by the department

under subsection (a) shall be:

(1) deducted during the year from the riverboat admissions tax revenue otherwise payable under IC 4-33-12-6(d)(1) to each of the following:

(A) The largest city by population located in the county.

(B) The second largest city by population located in the county.

(C) The third largest city by population located in the county; and

(2) paid instead to the state general fund.

As added by P.L.151-2001, SEC.5. Amended by P.L.178-2002, SEC.51.